

Project Closeout Report

TREND Tax Revenue Excellence for North Dakota

Presented to the IT Committee November 16, 2007

Project Name: TREND - Tax Revenue Excellence for North Dakota

Agency: Tax Department

Business Unit/Program Area: Tax Administration and Collections

Project Sponsor: Catherine Forsch

Project Manager: Kevin Goodrich (AdvanTech) and Jim Goatcher (FAST Enterprises)

Project Objectives	Measurements	
	Met/ Not Met	Description
Migration of ten taxes, including Sales, Withholding, Corporate, and Individual Income taxes (small business, partnership, and fiduciary returns) to GenTax.	Met	Tax Department users are able to administer taxes configured by the TREND project from receipt through audit and collections within the GenTax software and are not required to move between programs depending on the function or tax type with which they are dealing.
Implementation of fully integrated tax administration for these taxes, including the following functions: <ul style="list-style-type: none">• Administration of taxpayer information• Returns issuance and processing• Interfaces with e-filing, front-end processing (OCR) and data entry systems• Payments and refunds processing• Transaction management, revenue accounting and taxpayer accounting• Compliance, including workflow management for non-filer, collections and audit• Records and image management• Letters issuance, report generation, ad hoc data inquiry and analysis Configure GenTax to replace the tax processing functions	Met	Tax Department users can complete their required tax related tasks, including working the functions listed in the Project Objectives within GenTax only. They will not require the use of any Legacy systems or other desktop programs.

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resident on the Legacy Mainframe, MS Access databases or MS Excel spreadsheets		
Migration of accounts receivable and revenue accounting to GenTax.	Met	Tax Department users are able to perform accounts receivable and revenue related functions utilizing only GenTax.
Elimination of the use of the mainframe by the Tax Department.	Met	Tax Department users require no access to the mainframe.

Schedule Objectives			
Met/ Not Met	Scheduled Completion Date	Actual Completion Date	Variance
Met	June 30, 2007	June 30, 2007	

Budget Objectives			
Met/ Not Met	Baseline Budget	Actual Expenditures	Variance
Met	\$13,791,044	\$11,650,704	\$2,140,340 (16% under budget)

Major Scope Changes	
<ul style="list-style-type: none"> Implemented (out of scope) tax type: City Motor Vehicle Rental Tax Implemented Lien interface with Legacy Built CORE Streamlined Sales Tax Functions Implemented Withholding web-file interface (306 filing only) Implemented Withholding web-file interface (W2 file upload) Implemented Motor Fuel web-file interface (file upload only) Implemented auto creation of Withholding Reconciliation Return Oil & Gas A/R and payment interface USPS Upgrade for CASS (address) certification Implemented Special Event Vendor Compliance Activities (casual filer compliance) New Taxpayer Offset Program 	

Lessons Learned
<ul style="list-style-type: none"> Vendor Selection – Select a proven vendor with a proven product and a proven track record in implementation and let them guide you in the project implementation process. Document “Lessons Learned” after each phase – After each phase implementation the Tax Department held a lessons learned session. This allowed the project to see immediate benefits in the next phase of the project. Strong End-User Communications – Communicate early and communicate often to the people who will be using the system to overcome fear and intimidation and to build up their comfort level with the new product.

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- **Business Process Reengineering** – If implementing a proven product, change business processes to match the product rather than customizing the product to meet the existing business processes. This allows you to implement some best-in-class processes in your agency and partner with other states/entities to ensure future software meets your needs. This also allows you to realize many more business benefits. It is important to remember that just because you may be doing an IT project, you need to focus as much if not more of your effort on the non-IT functions to meet your business needs.
- **Test Scenario Design and Execution** – Use as many end users as possible during the testing phase to help overcome fear and build skills even before formal training takes place. Also, the project can develop test scenarios very early as long as you think about business rules rather than specific processes.

Success Story

Over the past months of use, GenTax has provided a number of benefits. Here are a couple of examples:

- The Tax Department now receives a number of reports regarding how taxpayers are interacting with the department. Senior management is using those reports to reorganize the department so that they can assist citizens in a more efficient and effective manner.
- They also allow them to look at where issues are coming from so that Tax to do some root cause analysis on why issues are coming in to the department.
- The Tax Department can now do a better job of measuring the audit and collection activity so that the Tax Department can perform collections in a timelier manner.
- The project streamlined processing NSF checks so payments can be unapplied and reapplied in a matter of minutes rather than the 24 – 48 hour delay it used to take.
- Taxpayer information is complete, accurate and consistent across all tax types thereby providing better taxpayer services and allowing Tax Department to manage the taxpayer with multiple tax types as a single entity rather than several individual taxpayers.
- The Tax Department can now assess penalties uniformly across all tax types for late returns, late payments, or amended returns.
- Tax Department has modified return forms to allow for capturing more data for pass-through entities (Partnerships, S-Corps, and Fiduciary). This allows the Tax Department to automatically verify that pass-through entity owners are filing returns.
- The non-filer process has been streamlined and automated allowing for
 - a. Certified letter for hearings and revocations are not longer sent by certified mail reducing the amount of postage paid.
 - b. Estimations are done instead of hearings and revocations which get the taxpayers attention more than the hearings and revocations did.
 - c. Improvements to this process have resulted in more timely delinquency follow-ups in the hope of reinforcing good behaviors.
 - d. Non-filer leads can be prioritized to focus efforts on more revenue producing audits.
- The refund process has been streamlined from a very time consuming hand written process to an approval process that is easy to view and approve (if approval is required).
- Monthly Local Option Tax certification process has been reduced significantly with the use of reports and datamarts created in GenTax.